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MINISTRY OF COMMERCE AND INDUSTRY

NOTIFICATION

New Delhi, the 14th August 1957

S.R.O. 2713.—Whereas a request in writing has been received in this behalf from the Governing Body of the Saurashtra Oil and Oilseeds Association, Ltd., Rajkot;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 12 of the Forward Contracts (Regulation) Act, 1952 (74 of 1954), the Central Government hereby makes the following amendments in the bye-laws of the Saurashtra Oil and Oilseeds Association Ltd., Rajkot, namely:—

In the said bye-laws,—

1. in bye-law 1(15), for the words “last day for delivery”, the words “latest day for issuing delivery order” shall be substituted;
2. for bye-laws 13 to 16, 16A, 16B, 16C, 17 and 17A, the following bye-laws shall be substituted, namely:—

“13. All claims, differences and disputes, whether admitted or not (other than the disputes covered by other bye-laws such as clearing bye-laws, survey bye-laws and the like) arising out of or in relation to all contracts (whether hedge, delivery or ready or whether between members or between a member and a non-member) made subject to the bye-laws shall be referred to the arbitration of three arbitrators appointed as hereunder provided.

13A. An application for arbitration shall be addressed by either of the parties to the Assistant Secretary of the ring concerned of the Association. Every such application shall be accompanied by a statement in quadruplicate containing—

- (a) the name in full of the parties to the dispute and their addresses;
- (b) full details of the case; and
- (c) the original or certified copies of such documents or information as may be relevant or relied upon.

13B. On receipt of such application and statement the Assistant Secretary shall, by notice in writing, call upon both parties to the dispute to nominate within a period of seven days of the receipt of such notice, an arbitrator each from among the panel of arbitrators. The Assistant Secretary shall also send a copy of the Statement to the other party to the dispute. The other party shall, within a period of seven days, furnish in quadruplicate a defence statement setting out his or their case accompanied by documents and information in support of or bearing on the matter. The Assistant Secretary may forward a copy of such defence statement to the party or

parties applying for arbitration and ask him or them to submit within a period of four days any further statement in answer to the defence statement together with all documents and information in support thereof.

If the other party fails to submit his reply within the prescribed period, the Assistant Secretary shall make a note thereof.

- 13C. If any party to the dispute which may include the members and non-members, refuses or neglects or fails, within the specified time, to appoint an arbitrator or if he requests the Local Committee to appoint an arbitrator on his behalf, the Local Committee shall appoint an arbitrator on his behalf.
- 13D. Every nomination or appointment of the arbitrators shall be communicated to the arbitrators and on such communication the two arbitrators shall nominate an additional arbitrator from among the remaining members of the panel of arbitrators at that ring. In case of non-agreement between the two arbitrators regarding nomination of the additional arbitrator, the matter shall be referred to the Local Committee which shall appoint the additional arbitrator. The Assistant Secretary shall obtain consent in writing from every such arbitrator to act as arbitrator.
- 13E. The arbitrators nominated or appointed as above shall constitute the Bench. The Assistant Secretary shall give a notice in writing to the parties of the constitution of the Bench.
- 13F. The arbitrators shall not be directly or indirectly interested in the transaction or in the subject matter of the reference.
14. All dealings, transactions and contracts which are subject to the bye-laws shall be deemed to be made and shall take effect as wholly made and entered into at the place of the ring concerned.
15. A non-member, party to the reference shall enjoy all the rights and privileges and shall be subject to all the obligations, duties and responsibilities of the members under the provisions of the bye-laws relating to arbitration so far as the same are applicable to him.
- 15A. The Assistant Secretary shall place all statements, defence statements and documents received from the parties to the dispute before the Bench and the Bench shall be deemed to have entered on the reference on being furnished with such statements, defence statements and documents.
- 15B. The dispute will normally be decided by the Bench on the written statement of the parties and the documents accompanying them. The Bench shall, however, have power to call for any other documents or things and if it thinks fit, to appoint time and place for hearing of the reference and to take any oral evidence.
- 15C. If the Bench does not summon the parties to the dispute for hearing but the parties desire to make a personal representation to the Bench, they shall be entitled to do so and the Bench shall hear the parties on a date so fixed by it.
- 15D. The Bench shall make its award within fifteen days of its first meeting, but the Chairman of the Local Committee shall have the power, upon a written application from the arbitrators to extend such period as may be deemed necessary by him from time to time.
- 15E. The Bench shall act by majority and the award or decision of the majority shall prevail.
- 15F. An award shall be deemed to have been made on the date when the Bench shall have first recorded its decision in writing.
- 15G. Every award shall be signed by the members of the Bench. In case of difference of opinion amongst the members of the Bench, the dissenting member shall be entitled to give his separate award with his reasons. The award shall be countersigned by the Assistant Secretary.

- 15H. When completed, a copy of the award shall be sent or delivered by the Assistant Secretary to each of the concerned parties.
- 15I. The award of the Bench shall be final and binding on the parties to the reference and their representatives, subject, however, to the right of appeal to the appeal board of the Local Committee by any party within seven days from the receipt of the award by him. A second appeal shall also lie from the decision of the appeal board to the Appellate Tribunal and the decision of the Appellate Tribunal shall be final and legally binding on the parties and their representatives.
- 15J. The Bench may at its discretion at any time, before making the final award and at the expense of the parties concerned refer to, act upon and adopt the advice, recommendations, suggestions or reports of any person having special knowledge relating to the matter concerned in the reference or of any expert or qualified accountants and may also at the expense of the parties consult and adopt the advice of solicitors or counsel or advocate upon any question of law, evidence, practice or procedure arising in the course of the reference. The Bench may also at its discretion and at the expense of the parties concerned appoint any expert accountant or lawyer to sit with them as an assessor and may act upon the advice of such an assessor.
- 15K. During hearing, a party to the reference may with the permission of the Bench appear by counsel, attorney, advocate or a duly authorised adviser or representative. Where one party is so permitted a similar privilege shall be afforded to the other party if he so desires.
- 15L. The office of the ring shall give notice to the parties of the date fixed for the first hearing.
- 15M. If in spite of the intimation of time for hearing the dispute being given, any member or non-member being a party to the dispute fails to remain present in time or fails to send a representative with the necessary papers or account books, the Bench may impose a penalty on such member to the extent of Rs. 100 and shall give one more opportunity to carry out its orders. If still, the member does not remain present or fails to produce the papers or account books called for, then, the Local Committee shall have power to suspend or expel him from membership of the Association.
- 15N. If a non-member party to the dispute is called upon to give evidence or produce papers or account books and if he does not carry out the said orders his name may be placed by the Local Committee on the notice board of the ring concerned as well as on the notice boards of all the rings through the President and the members shall not transact business with him directly or indirectly.
- 15O. The Bench may proceed with the reference notwithstanding any failure to file a reply or written statement within due time by the party concerned and may also proceed with the reference in the absence of any or all the parties who being entitled to appear, fail, neglect or refuse to attend at the appointed time or place. Before proceeding with the hearing the Bench shall satisfy itself that the notice of hearing was duly posted or despatched in time to both the parties.
- 15P. The Bench may adjourn the hearing from time to time upon the application of any party or at its own instance.
- 15Q. The parties to the reference and any witness on their behalf shall at the appointed time
- (i) submit to be examined by the Bench on affirmation in relation to the matter in dispute;
 - (ii) produce before the Bench all books, deeds, papers, accounts, writings and documents in their possession or power which may be required or called for; and

- (iii) generally do all other necessary things which during the pendency of the reference the Bench may require to direct.

15R. The Bench may—

- (i) retain or return some or all the books, documents or papers produced in any proceedings and may direct at any time that the books, documents or papers produced be returned to the parties or any of them on such terms and conditions as may in the absolute discretion of the Bench be deemed proper;
- (ii) ask the parties or witnesses appearing and giving evidence to make statements on affirmation;
- (iii) admit such evidence only as may in the absolute discretion of the Bench be deemed proper, necessary and/or relevant;
- (iv) administer to any party to the reference such interrogatives as may in the opinion of the Bench be necessary;
- (v) make an interim award or awards;
- (vi) make any award conditional or in the alternative;
- (vii) correct in an award any clerical mistakes or errors arising from an accidental slip or omission.

15S. The Bench shall get the award duly typed and shall send the typed award duly signed to the Assistant Secretary concerned who shall send or deliver a copy of the award to each of the parties concerned.

15T. Unless the Local Committee or the Chairman specially permits, no person, other than the member of the staff of the Association shall be present to assist the Bench in administrative or any other capacity during the hearing or determination of a reference under the provisions of the bye-laws.

15U. If the Bench of arbitrators fail to come to a decision on matters referred to them for arbitration, the Bench shall inform the Chairman of the Local Committee about their failure to arbitrate. On receipt of such an information the Chairman of the Local Committee shall appoint an umpire from amongst the panel of arbitrators discharging the Bench and the umpire shall carry out the functions of the Bench. His award on the dispute shall for purpose of appeals and enforcements be considered as the award of the Bench.

15V. Three members of the Local Committee shall constitute the first Appeal Board. The Chairman of the Local Committee shall constitute the Appeal Board whenever required. The Appellate Tribunal shall be constituted once in every six months by the Board and shall include the President and one representative from each ring but in hearing the appeal, the representatives of the rings concerned shall not sit on the Tribunal.

15W. The President shall notify, in such manner as he thinks fit, the names of the members constituting the Appellate Tribunal on each occasion on the above basis.

15X. No Bench or umpire or first Appeal Board or the Appellate Tribunal shall decide any question regarding interpretation or construction of the bye-laws or the terms and conditions of the contract. When such a question arises the Bench or the umpire or the first Appeal Board or the Appellate Tribunal shall refer the matter to the Board of Directors for their decision, and the decision of the Board on the matter so referred shall be final and binding on all concerned.

15Y. The procedure adopted for the arbitration proceedings before the Bench or the umpire shall also be the procedure for the first and second appeals respectively before the Appeal Board of the Local Committee and the Appellate Tribunal of the Board of Directors. For the proceedings before the Appellate Tribunal the Secretary shall carry out the duties assigned to the Assistant Secretary.

15Z. The decisions given by the Appeal Board and the Appellate Tribunal shall respectively be the decision of the Local Committee and the Board of Directors.

16. In respect of all claims, differences and disputes required to be referred to arbitration under these bye-laws, each Local Committee shall nominate for each ring a panel of six arbitrators from among members, partners, directors, managers or authorised representatives of the members of the Association and who shall not be the members of the Local Committee or the Directors of the Board. The list shall then be submitted to the Board for approval. If the Board approves of the panel, they shall send the list to the Forward Markets Commission, which if it so desires, may nominate two more persons per each ring not exceeding ten for all five rings from amongst the members, partners, directors, managers or the authorised representatives of members of each ring and who shall not be the members of the Local Committee or the Directors of the Board. The Forward Markets Commission shall send these names to the Association within fifteen days of the receipt of the list from the Association. If no names are received by the Association within the said period of fifteen days from the Forward Markets Commission, the list prepared by the Board shall be deemed to be final.

16A. The Arbitrators shall be selected by the parties to the dispute from a panel of arbitrators constituted as per Bye-law No. 16.

16B. The appointment of the arbitrators under Bye-law No. 16 shall be for the period for which the Local Committee is elected but any arbitration pending before any such arbitrators shall be decided by them, notwithstanding the expiry of the period for which the Local Committee was elected.

17. The following fees shall be payable for arbitration and appeals:—

(i) Rs. 5/- for an arbitration before the Arbitrators.

(ii) Rs. 10/- for appeal to the Appeal Board.

(iii) Rs. 25/- for second appeal to the Appellate Tribunal.

In all cases, the entire amount of fees shall be credited to the Association.

The fees shall first be deposited by the party soliciting arbitration or appeal, but ultimately, the fees shall be borne by the party losing in the arbitration and/or appeal proceedings.

17A. The parties to the reference shall abide by and forthwith carry into effect the award of the Bench or of the Umpire or of the First Appeal Board or of the Appellate Tribunal (as the case may be) which shall be binding upon the parties, and their representatives notwithstanding the death of any party before or after the making of the award and such death shall not operate as the revocation of any reference.

17B. The Director or a member who is a member of the Bench or of the Appeal Board or of the Appellate Tribunal shall not as a member of the Bench or of the First Appeal Board or of the Appellate Tribunal attend any meetings of the Bench or of the First Appeal Board or of the Appellate Tribunal at which an inquiry into the reference is made and at which an appeal is heard in which he is directly or indirectly interested.

A party, if he so desires, may inform the Association that any particular Director should not be a member of the Appellate Tribunal on the ground that such Director is an interested party. The Board shall consider such objection and if it is satisfied it shall not appoint such Director as a member of the Appellate Tribunal. The decision of the Board shall be final and binding on all parties.

17C. It shall be no objection to an award of the Bench or of the Umpire or of the Appeal Board or of the Appellate Tribunal that the meeting at which a reference was inquired into or an appeal was heard was adjourned from time to time or that the inquiry was not completed or that the appeal was not finally heard at one meeting."

3. In bye-law 23, the following shall be added at the end, namely:—

"In the case of Groundnut kernels, the goods to be delivered should be of the crop of the current year of the contract period of delivery and in the case of groundnut oil, oil of the current and the immediately preceding year."

4. In bye-law 24, the word "touched" appearing immediately after the words "allowance for the damaged groundnut kernels" shall be omitted.
5. After bye-law 75, the following bye-law shall be added, namely "75A. The price of the hedge contract includes excise duty levied by the Central Government, which is known at the time of entering into of the contract. Any new imposition and/or variation of excise duty between the time of entering into of the contract and that of delivery shall be for account of the seller".
6. In bye-law 83(A)(b), "(1)" shall be added after "(b)" and after the words "Red Natal:—consisting of round thick red kernels" the following clause shall be inserted:—
 - (2) (i) Groundnut whole (undecorticated) will also be tenderable at the option of the seller against sales made in Jamnagar and Dhoraj Rings at such rates of equivalence as may be fixed by the Board with the approval of the Forward Markets Commission. The rates of equivalence shall be fixed before Kartik Sudi 15 of every year.
 - (ii) The tenderable varieties in the case of Groundnut whole will be the same as those of Groundnut kernels and the terms and conditions with regard to issue of delivery orders, payments, supplying gunnies, weighment of groundnut whole, supply of twine and string and stacking of goods will be the same as those made under the Bye-laws for groundnut kernel.
 - (iii) Out of every 100 bags of groundnut whole, any ten bags as may be selected by the buyer shall be weighed and the average weight of one bag shall be fixed on the basis of such weighment, and the weight of all the bags shall be fixed on the basis of such average weight of one bag.
 - (iv) Out of every 100 bags, the buyer shall take out without examination any two bags and any foreign matter, except groundnut, contained in such two bags shall be considered for fixing the Refraction allowance.
 - (v) In delivery of groundnut whole, no refraction shall be allowed free."
7. in bye-law 88(a).—
 - (i) the words "unless otherwise specified in the contract" shall be omitted;
 - (ii) for the words "last day for delivery of", the words "latest day for issuing delivery order for" shall be substituted; and
 - (iii) for the words and brackets "Purnima (full Moon Day)", the words, figures and letters "Vadi 13th in the case of groundnut Kernels and Vadi 8th in the case of groundnut Oil" shall be substituted.
8. For bye-law 108, the following bye-law shall be substituted, namely; "108. Delivery of goods against Hedge Contract will be permitted at the centres mentioned in the terms of contract appended to the bye-laws."
9. For bye-law 109, the following bye-law shall be substituted, namely; "109. The Board may, with the approval of the Forward Markets Commission, add or delete any centre for such up country delivery as the Board deems necessary before the commencement of trading in the first Hedge Contract for the new crop.
10. In bye-law 110, for the words "centre mentioned in such schedule", appearing immediately after the words "sale contracts for delivery at any" the words "the approved up-country centres" shall be substituted.
11. The bye-laws 115 and 116 shall be omitted.
12. For bye-law 119, the following bye-law shall be substituted, namely; "119. The Board shall decide the basis of such expenses and the terms of the contract before opening the new contract."
13. For bye-law 148, the following bye-law shall be substituted, namely; "148. In case of groundnut oil delivery, if the seller desires to give delivery only on receipt of the price of the goods, and if the buyer does not desire to pay the price to the seller before receipt of the goods to be delivered, the buyer shall deposit the price of the goods in the office of the ring concerned and the seller shall thereupon deliver the goods. The seller shall then recover the price of the goods directly from the ring office concerned.

In case of groundnut kernels, the buyer shall deposit 10% of the price of the goods in the ring office concerned. For the balance amount, both the buyer and the seller shall be entitled to make mutual agreement. But in the absence thereof, if the seller desires to give delivery only on receipt of the price of the goods, and if the buyer does not desire to pay the price to the seller before receipt of the goods to be delivered, the buyer shall deposit the balance amount of the price of the goods in the office of the ring concerned and the seller shall thereupon deliver the goods. The seller shall then recover the price of the goods directly from the ring office concerned. In case all kinds of allowances exceed 10 per cent of the price of the goods the seller shall pay to the buyer the amount due".

14. for bye-law 244, the following bye-law shall be substituted, namely:—

"244. (1) The terms and forms of contract of groundnut oil and groundnut kernel shall be as provided in the relevant terms of contract and forms of contract in the appendix. In ready delivery contracts, and delivery contracts (other than hedge contracts) the parties may make any special stipulation as to refraction, quality, bagging, Kadada and the like.

(2) The Board may change the terms and forms of contract of groundnut oil and groundnut kernel before the commencement of trading in any delivery with the prior approval of the Forward Markets Commission.

(3) The power specified in clause (2) may be exercised by the Forward Markets Commission, if in the opinion of the Commission, the interest of the trade or public interest so requires".

15. In clause 1 of "Contract for Groundnut oil", after the words "in white kerosene tins or in new", the word "white" shall be inserted and for the word "(thigdi)" the word "(tigdi)" shall be substituted.

16. For clause 2(a), of "contract for Groundnut oil" the following clause shall be substituted, namely, "(a) Tins with either one or two labels (i.e. tigdies) shall be tenderable in delivery. One label should be of the size not exceeding 2½ diameter and the other should be of the size not exceeding ½" diameter. Oily tins shall not be tenderable in delivery".

17. For clause 2(b) of "Contract for Groundnut Oil", the following clause shall be substituted, namely, "(b) when tenderable oil is delivered in untenderable tins, those tins will have to be replaced. When tenderable oil is delivered in tins which are spoilt or damaged, oil contents will have to be accepted in delivery, but the delivery shall be subject to a "Kadada" ("Kadada" means the rate as fixed by the Local Committee at which this delivery shall be acceptable)."

18. In clause 2(c) of "Contract for Groundnut oil" for the words, figures and letters, "Tins with oil contents upto 35½ lbs." the words, figures, and letters, "The which have oil contents weighing not less than 35½ lbs.", shall be substituted and for the word "of" appearing immediately after the words "compensation for the deficit" the word "upto" shall be substituted.

19. In clause 6(d) of "Contract for Groundnut Oil" after the figure "8th", appearing immediately after the words and figures "vadi 4th to vadi", the words "of the month of the contract" shall be inserted and for the figures and letters, "11.30 A.M. to 2.00 P.M." the words "the hours as may be prescribed by the Board" shall be substituted.

20. Clause 6(a) of "Contract for Groundnut Oil" shall be omitted.

21. In clause 1 of "Contract for Groundnut kernels", after the words "unassorted" the words "and of the crop of the current year of the contract period of delivery" shall be inserted.

22. After clause 2(f) of "Contract for Groundnut kernels" a new clause shall be inserted, namely "2(g): Groundnut whole (undercorticated) will also be tenderable at the option of the seller against sales made in Jamnagar and Dhoraji Rings at such rates of equivalence as may be fixed by the Board in accordance with Bye-law No. 83-(A)(b)(2)".

23. In clause 3 of "Contract for Groundnut kernels" after the figures and words "560 lbs.", the words "of Groundnut Kernels excluding the weight of the bags" shall be added.
24. In clause 4 of "Contract for Groundnut kernels", for the words "Bagging contents of groundnut kernels", the words "the weight of the contents of groundnut kernels" shall be substituted.
25. For clause 5 of "Contract for Groundnut kernels" the following clause shall be substituted, namely, "5. BAGGING: The buyer shall supply empty bags at his own cost. The seller shall arrange to take delivery and possession of these empty bags at his own cost from the godown of the buyer".
26. In clause 6 of "Contract for Groundnut Kernels" after the words "Dock Estate", the following sentence shall be inserted, namely, "The seller shall be liable to pay local municipal tax, if any, if delivery is made from the Dock Estate of the ring centre concerned, irrespective of the fact whether the buyer pays the municipal tax or not. For deliveries at up-country centres, the up-country expenses shall be determined by the Board under Bye-law No. 119".
27. In clause 8 (vii) of "Contract for Groundnut Kernels", after the words "delivery order", the sentence "The seller shall approach the last buyer for the supply of empty bags within 24 hours of the information so received as above from the buyer" shall be added.
28. In clause 8(ix) (b) of "Contract for Groundnut Kernels", after the word "losses" appearing immediately after the words "to purchase from the market and to recover the", the words "plus the cost of gunny bags" shall be inserted.
29. In "Contract for Groundnut Kernels", the following two clauses shall be added as clauses 12 and 13; namely;

"12. Driage—

In the event of the question of driage being not settled amicably between the buyer and the seller the matter will be referred to the surveyors according to survey bye-laws and the following allowance shall be made in respect of the same:—

- (a) For goods delivered under the Poush contract;
 - (i) driage allowance upto 3 lbs. per bag will be paid at the rate of actual allowance.
 - (ii) driage allowance over 3 lbs. per bag will be paid at double the allowance, but if the driage is more than 6 lbs. per bag the buyer shall have option to reject.
- (b) For goods delivered under all other contracts;
 - (i) driage allowance upto 1 lb. per bag will be paid at the rate of actual allowance.
 - (ii) driage allowance over 1 lb. per bag will be paid at double the allowance awarded, but if driage is over 4 lbs. per bag the buyer shall have the option to reject.

NOTE 1:— $\frac{1}{2}$ lb. driage will be allowed free.

NOTE 2:—Driage shall be ascertained by spreading out a sample of 100 tolas of Groundnut Kernels under the sun for one hour and then weight ascertained.

NOTE 3:—Driage allowance mentioned above shall be payable only when the Groundnut Kernels are spoiled before or after decortication by water or by rain.

"13. Survey.—

- (a) In cases of disputes in delivery between the buyer and the seller, the dispute shall be referred for survey to the Survey Committee composed of members of the Survey Committee in accordance with the provisions made in the Bye-laws for the purpose, and the procedure laid down in the Bye-laws shall prevail.

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- (b) In the process of survey, whenever necessary, each contesting party shall bring two sealed tins from his stock and the Surveyors shall open these tins and if they declare that the goods are worthy of delivery, the buyer shall take the delivery, but if they declare that the goods are not worthy of delivery according to the contract terms the goods, shall be lying at the cost and risk of the seller who is the owner of the goods.
- (c) The Surveyors shall give their decisions in the matters referred to them ordinarily within 6 hours but in no case shall they take more than 24 hours in case of local delivery, but if they need more than 24 hours they may do so with the due approval of the Local Committee. In case of up-country delivery, the Surveyors shall give their decisions within 3 days. In case they need more than 3 days they may give their decisions after this period with the due approval of the local committee.
- (d) On the dates during which the goods are under survey, correspondingly additional time shall be allowed for the purpose of effecting delivery."

And in pursuance of proviso to sub-section (4) of the said section, the Central Government in the interest of the trade dispenses with the condition of the previous publication of the amendments aforesaid in the Gazette of India and Bombay Government Gazette.

[No. 40-Exp.(4)/56-TMP.]

K. V. VENKATACHALAM, Joint Secy.

